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Message Text

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PAGE 01 STATE 206529

43
ORIGIN TRSE-00

INFO OCT-01 EB-11 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 SS-20 ACDA-19 IO-14 COME-00

ABF-01 OMB-01 AID-20 FRB-02 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 AF-10 ARA-16 EA-11 EUR-25 NEA-10 /231 R

TX-387

DRAFTED BY TREAS:MRS. MEIGHER
APPROVED BY EB/IFD:MLMILNE
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O 181603Z OCT 73
FM SECSTATE WASHDC
TO ALL DIPLOMATIC AND CONSULAR POSTS IMMEDIATE

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INFORM CONSULS

E.O. 11652:N/A
TAGS: EFIN

THE FOLLOWING PRESS RELEASE HAS BEEN ISSUED BY THE TREASURY DEPARTMENT ON OCTOBER 17, 1973:

QUOTE: UNITED STATES FORMALIZES NEW PAR VALUE FOR DOLLAR. THE UNITED STATES ANNOUNCED TODAY THE COMPLETION OF THE TECHNICAL REQUIREMENTS FOR ESTABLISHING A NEW PAR VALUE
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PAGE 02 STATE 206529

FOR THE DOLLAR IN THE INTERNATIONAL MONETARY FUND. THIS ACTION FORMALLY IMPLEMENTS THE TEN PERCENT DEVALUATION PROPOSED ON FEBRUARY 12, 1973, BUT HAS NO SIGNIFICANCE FOR THE RATE AT WHICH THE DOLLAR TRADES IN FOREIGN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

EXCHANGE MARKETS SINCE THE PROPOSED DEVALUATION WAS IMMEDIATELY REFLECTED IN EXCHANGE RATES UPON THE FEBRUARY ANNOUNCEMENT.

THE DOLLAR'S NEW PAR VALUE IS EQUAL TO 0.828948 SPECIAL DRAWING RIGHT AND WILL BECOME EFFECTIVE AT 12:01 A.M., OCTOBER 18, 1973. THE PAR VALUE OF THE DOLLAR IN TERMS OF GOLD WILL CHANGE FROM DOLS. 38 TO DOLS. 42.22 PER FINE TROY OUNCE (0.0236842 OF A FINE TROY OUNCE).

SECRETARY OF THE TREASURY GEORGE P. SHULTZ PROPOSED THE CHANGE IN A LETTER OF OCTOBER 15, 1973, TO MANAGING DIRECTOR H. JOHANNES WITTEVEEN OF THE INTERNATIONAL MONETARY FUND AND THE FUND ANNOUNCED ITS CONCURRENCE TODAY.

THE PAR VALUE CHANGE WAS MADE AFTER THE ENACTMENT OF AUTHORIZING LEGISLATION ON SEPTEMBER 21, 1973, AND COMPLETION OF CONGRESSIONAL ACTION ON OCTOBER 13, 1973, ON AN APPROPRIATION TO PROVIDE FOR MAINTENANCE OF VALUE OF UNITED STATES' SUBSCRIPTIONS IN THE INTERNATIONAL FINANCIAL INSTITUTIONS. END QUOTE.

WE HAVE BEEN INFORMED THAT IMF EXECUTIVE DIRECTORS HAVE NOTIFIED THE COUNTRIES THEY REPRESENT OF CHANGE IN PAR VALUE OF THE DOLLAR.

COUNTRIES THAT HAVE SO FAR TAKEN PARALLEL ACTION WITH THE DOLLAR ARE EL SALVADOR, GUATEMALA, MEXICO, AND LIBERIA. KISSINGER

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Disposition Approved on Date:
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Drafter: MRS. MEIGHER
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